

Financial Intelligence

2 Days

COURSE OVERVIEW

Everyone in a company does better when they understand how financial success is measured and how they have an impact on the company's performance. Greater financial intelligence helps people feel more involved and committed. They understand better what they are a part of, what the organization is trying to achieve, and how they affect results of the organization. Trust increases, staff turnover decreases, and financial results improve.

This program presents the essentials of finance, but with extra dimensions. Succinct and easy-to-understand delivery teaches the fundamentals in a way that everyone can understand and put to use right away. This program also takes the participants behind the scenes, to show where the numbers come from and the biases inherent in the numbers.

LEVEL

Introductory

WHAT WILL I GET OUT OF IT?

Fundamentally, financial intelligence boils down to four distinct skill-sets, and when the participants finish the course, they should be competent in all of them. They are:

1. Understanding the foundation of financial measurement.
2. Understanding the art and science of quantifying what can't always be quantified.
3. Applying the financial information to analyze the numbers in greater depth so as to make better informed decisions.
4. Understanding the big picture of the business results. Factors such as the economy, the competitive environment, regulations, changing customer needs and expectations, and new technologies all affect how numbers are interpreted and what decisions should be made.

WHO'S IT FOR?

Everyone in the organization

COURSE CONTENT

Assumptions, Estimates and Biases

- Accruals and allocations
- Discretion about depreciation and others

Income Statement

- Matching principle
- Reading an income statement
- "Actual" vs. "Pro Forma"
- The big numbers
- Comparative data
- Revenue recognition
- Possibilities for manipulation
- Cost of goods sold or cost of service
- Above the line, below the line
- Operating expenses
- Power of depreciation and amortization
- One-time charges: A yellow flag
- People costs
- Gross profit: how much is enough?
- Operating profit: a key to health
- Net profit and how to fix it

Balance Sheet

- Reading a balance sheet
- Cash and cash equivalent
- Accounts receivables
- Inventory
- Property, plant and equipment
- Goodwill and other intangibles
- Accruals and prepaid assets
- Short-term debts
- Accounts payable
- Accrued expenses
- Long-term liabilities
- Preferred shares
- Common shares
- Retained earnings

Interesting "Facts"

- Income statement affects the balance sheet
- Why cash is King?
- Profit doesn't equal cash

Language of Cash Flow

- Why cash matters
- Cash from or used in operating activities
- Cash from or used in investing activities
- Cash from or used in financing activities
- Reconciling profit and cash

The Power of Ratios

- Profitability ratios: the higher the better, mostly
- Leverage ratios: the balancing act
- Liquidity ratio: can we pay our bills?
- Efficiency ratios: making the most of your assets

Working Capital

- The element of working capital
- Working capital and production cycle
- Managing DSO
- Managing inventory
- Cash conversion cycle